

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE GAS COMPANY for approval of a refund)	
related to self-implementation of general service)	Case No. U-18327
rates beginning November 1, 2016, and ending)	
December 15, 2016.)	
_____)	

At the July 12, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 8, 2017, DTE Gas Company (DTE Gas) filed an application along with supporting testimony and exhibits seeking approval of a self-implementation refund of \$2,205,027, excluding interest. This amount represents the total amount by which revenues collected under the self-implemented rates exceed the total revenues that would have been produced by the rates approved in the Commission's final order dated December 9, 2016 (December 9 order) in Case No. U-17999 for the period of November 1, 2016, through December 15, 2016.

A prehearing conference was conducted on April 7, 2017, by Administrative Law Judge Mark E. Cummins (ALJ). DTE Gas and the Commission Staff (Staff) participated in the proceeding.

On June 27, 2017, the parties filed a settlement agreement, attached as Exhibit A, resolving all issues in the case. Pursuant to Paragraph 4 of the settlement agreement, the parties agree that the principal amount of DTE Gas's self-implementation refund liability is \$2,205,027, excluding interest. The parties further agree that DTE Gas shall compute interest on the refund equal to 5% plus the London interbank offered rate (LIBOR) until the refund is considered complete consistent with Paragraph 7 of the settlement agreement and as illustrated on Exhibit A-2 filed in this proceeding. However, the parties also agree that no penalty interest is in effect because the refund exclusive of interest does not exceed \$30.6 million (\$122.3 million multiplied by .25), which is 25% of the revenue increase authorized by the Commission in its final order.

Pursuant to Paragraph 5 of the settlement agreement, the parties further agree that DTE Gas shall provide refunds to customers by rate schedule (Rate A (Residential), Rate 2A Meter Class I (Multifamily Dwelling), Rate GS-1 (General Service), Rate GS-2 (General Service), Rate S (Schools), Rate ST, LT, XLT and XXLT (End User Transportation)) based on each rate's pro-rata share of the total revenue billed through the applicable increase in a manner consistent with Exhibits A-3 and A-4 filed in this proceeding. However, Rate 2A Meter Class II will not receive a refund because the total revenue billed to this class during the self-implementation surcharge period (November 1, 2016, through December 15, 2016) is less than the total revenue that would have been produced during that same period by the rates and charges subsequently ordered by the Commission in its December 9 order.

Finally, the parties agree that DTE Gas shall endeavor to eliminate any residual by the guidelines provided in Paragraph 7 of the settlement agreement. Within three months of the final billing cycle concluding residual surcharges or credits, DTE Gas shall file a report in this docket that identifies any remaining surcharge balance or overrecovery.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. The principal amount of DTE Gas Company's self-implementation refund liability is \$2,205,027, excluding interest. DTE Gas Company shall compute interest on the refund equal to 5% plus the London interbank offered rate until the refund is considered complete consistent with Paragraph 7 of the settlement agreement and as illustrated on Exhibit A-2 filed in this proceeding. No penalty interest is in effect.

C. DTE Gas Company shall provide refunds to customers by rate schedule (Rate A (Residential), Rate 2A Meter Class I (Multifamily Dwelling), Rate GS-1 (General Service), Rate GS-2 (General Service), Rate S (Schools), Rate ST, LT, XLT and XXLT (End User Transportation)) based on each rate's pro-rata share of the total revenue billed through the applicable increase in a manner consistent with Exhibits A-3 and A-4 filed in this proceeding. Rate 2A Meter Class II will not receive a refund.

D. DTE Gas Company shall endeavor to eliminate any residual by the guidelines provided in Paragraph 7 of the settlement agreement. Within three months of the final billing cycle concluding residual surcharges or credits, DTE Gas Company shall file a report in this docket that identifies any remaining surcharge balance or overrecovery.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of July 12, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE GAS COMPANY**)
for approval of a refund related to self-implementation) Case No. U-18327
of general service rates beginning November 1, 2016)
and ending December 15, 2016)

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278 and R 792.10431 ("Rule 431") of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or "Commission"), the undersigned parties agree as follows:

1. This Stipulation and Settlement Agreement ("Settlement Agreement") between DTE Gas Company ("DTE Gas"), and Michigan Public Service Commission Staff ("Staff"), (collectively, the "Parties") is intended by the Parties as a final settlement and satisfaction of all issues before the Commission regarding the self-implementation reconciliation proceeding under MCL 460.6a(1) for the period November 1, 2016 through December 15, 2016, as filed in Case No. U-18327.

2. On March 8, 2017, DTE Gas Company filed the direct testimony and exhibits of Jennifer C. Schmidt seeking approval of the calculations necessary to compute the principle amount of DTE Gas's self-implementation refund liability of \$2,205,027, excluding interest. This amount represents the total amount by which revenues collected under the self-implemented rates exceed the total revenues that would have been produced by the rates approved in the Commission's final order dated December 9, 2016 ("December 9 Order") in Case No. U-17999 for the period of November 1, 2016 through December 15, 2016.

3. On April 7, 2017, the Commission directed DTE Gas Company to publish a notice of hearing to all cities, incorporated villages, townships and counties in its natural gas service area. A prehearing conference was conducted on May 9, 2017, where only Staff appeared as a party to the case. Subsequent to the prehearing, Staff completed its audit and the Parties entered into settlement negotiations in an attempt to efficiently resolve the matters before the Commission in this case. As a result of those settlement discussions, the Parties have reached settlement of all issues in this case as set forth in the following paragraphs.

4. The Parties agree that the principle amount of DTE Gas's self-implementation refund liability is \$2,205,027, excluding interest. The Parties further agree that DTE Gas shall compute interest on the refund equal to 5% plus the London interbank offered rate (LIBOR) until the refund is considered complete consistent with paragraph seven (7) of this Settlement Agreement and as illustrated on Exhibit A-2 filed in this proceeding. If the refund occurs in September 2017, then interest is estimated to be approximately \$90,000, depending upon updated LIBOR rates. However, the Parties also agree that no penalty interest is in effect because the refund exclusive of interest does not exceed \$30.6 million (\$122.3 million times 25%), which is 25% of the revenue increase authorized by the Commission in its final order.

5. The Parties agree that DTE Gas shall provide refunds to customers by rate schedule; Rate A (Residential), Rate 2A Meter Class I (Multifamily Dwelling), Rate GS-1 (General Service), Rate GS-2 (General Service), Rate S (Schools), Rate ST, LT, XLT and XXL (End User Transportation) based on each Rates' pro rata share of the total revenue billed through the applicable increase in a manner consistent with Exhibits A-3 and A-4 filed in this proceeding. However, Rate 2A Meter Class II will not receive a refund because the total revenue billed to this class during the self-implementation surcharge period (November 1, 2016 through December 15,

2016) is less than the total revenue that would have been produced during that same period by the rates and charges subsequently ordered by the Commission in its December 9 Order.

6. The Parties agree that if the Commission issues its order approving this Settlement Agreement on or before August 23, 2017, then DTE Gas shall implement the refund on a billing cycle basis over the billing month of September 2017. However, if the Commission issues the same order after August 23, 2017, then DTE Gas shall implement the refund on a billing cycle basis over one billing month beginning with the first full billing month after the Commission issues such order if that order is not within five (5) calendar days of the end of the month. Otherwise, if the Commission issues its order within five (5) calendar days of the end of the month, then DTE Gas shall implement the refund in the second full billing month following the order.

7. The Parties agree that DTE Gas shall endeavor to eliminate any residual by the following guidelines:

- a. If a residual balance exists, in total, with an absolute value that is less than \$50,000:
 - 1) If no class has an over refund or over collection exceeding \$50,000:
 - i. Over collection: given to a charity chosen by DTE Gas
 - ii. Over refund: written off by DTE Gas.
 - 2) If a class has an over or under recovery exceeding \$50,000:
 - i. If additional surcharges or credits will not result in the total residual balance exceeding the absolute value of \$50,000, then additional surcharges or credits, calculated on a per customer

basis, will be implemented for that particular class until the balance is less than the absolute value of \$50,000.

- ii. If additional surcharges or credits will result in the total residual balance exceeding the absolute value of \$50,000, then additional surcharges or credits, calculated on a per customer basis, will be implemented for any class that has a balance that would result in a meaningful refund (at least one penny per customer) until the balance is less than the absolute value of \$50,000. Classes with a refund of less than one penny per customer will not be further surcharged or credited.

b. If a residual balance exists with an absolute value that is greater than \$50,000:

- 1) Over refund: Surcharges will be calculated on a per customer basis and applied during a subsequent month until the residual balance is less than \$50,000.
- 2) Over collection: Credits will be calculated on a per customer basis and applied during a subsequent month until the over collection is less than \$50,000.

Within three months of the final billing cycle concluding residual surcharges or credits, DTE Gas shall file a report in this docket that identifies any remaining surcharge balance or over recovery.

8. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves

this Settlement Agreement without modification, neither the Parties to this settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided however, such references may be made to enforce or implement the terms of the Settlement Agreement and the order approving it.

9. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

10. The Parties recommend the Commission find that approval of this Settlement Agreement by the Commission is reasonable and in the public interest, and will reduce the time and expense of the Commission, its Staff, and the Parties.

11. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

12. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

WHEREFORE, the undersigned parties respectfully request the Commission approve this Settlement Agreement and make it effective in accordance with its terms by final order.

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: **Monica M.
Stephens**
Digitally signed by Monica M. Stephens
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Dated: _____, 2017

DTE GAS COMPANY

**David S.
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By: _____
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Dated: _____, 2017